

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**

 FCC Form 481  
 OMB Control No. 3060-0986/OMB Control No. 3060-0819  
 July 2013

<010> Study Area Code	613002
<015> Study Area Name	BETTLES TEL CO INC
<020> Program Year	2015
<030> Contact Name: Person USAC should contact with questions about this data	Michael Garrett
<035> Contact Telephone Number: Number of the person identified in data line <030>	3603851733 ext.160
<039> Contact Email Address: Email of the person identified in data line <030>	mike.g@aptalaska.com

ANNUAL REPORTING FOR ALL CARRIERS		54.313 Completion Required	54.422 Completion Required
		(check box when complete)	
<100> Service Quality Improvement Reporting	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<200> Outage Reporting (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<210> <input checked="" type="checkbox"/> <-- check box if no outages to report		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<300> Unfulfilled Service Requests (voice)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<310> Detail on Attempts (voice)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<320> Unfulfilled Service Requests (broadband)	0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<330> Detail on Attempts (broadband)	<div style="border: 1px solid black; height: 40px; width: 100%;"></div> (attach descriptive document)	<input type="checkbox"/>	<input type="checkbox"/>
<400> Number of Complaints per 1,000 customers (voice)			
<410> Fixed	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<420> Mobile	0.0	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<430> Number of Complaints per 1,000 customers (broadband)		<input checked="" type="checkbox"/>	<input type="checkbox"/>
<440> Fixed	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<450> Mobile	0.0	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<500> Service Quality Standards & Consumer Protection Rules Compliance	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<510> <div style="border: 1px solid black; padding: 2px;">613002ak510.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<600> Functionality in Emergency Situations	(check to indicate certification)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<610> <div style="border: 1px solid black; padding: 2px;">613002ak610.pdf</div>	(attached descriptive document)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<700> Company Price Offerings (voice)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<710> Company Price Offerings (broadband)	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<800> Operating Companies and Affiliates	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
<900> Tribal Land Offerings (Y/N)? <input checked="" type="radio"/> <input type="radio"/>	(if yes, complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1000> Voice Services Rate Comparability	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1010> <div style="border: 1px solid black; height: 40px; width: 100%;"></div>	(attach descriptive document)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1100> Terrestrial Backhaul (Y/N)? <input type="radio"/> <input checked="" type="radio"/>	(if not, check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1110>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<1200> Terms and Condition for Lifeline Customers	(complete attached worksheet)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

**Price Cap Carriers, Proceed to Price Cap Additional Documentation Worksheet**

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

<2000>	(check to indicate certification)	<input type="checkbox"/>	<input type="checkbox"/>
<2005>	(complete attached worksheet)	<input type="checkbox"/>	<input type="checkbox"/>

**Rate of Return Carriers, Proceed to ROR Additional Documentation Worksheet**

<3000>	(check to indicate certification)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<3005>	(complete attached worksheet)	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<b>(100) Service Quality Improvement Reporting Data Collection Form</b>		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<015>	Study Area Name	BETTLES TEL CO INC
<020>	Program Year	2015
<030>	Contact Name - Person USAC should contact regarding this data	Michael Garrett
<035>	Contact Telephone Number - Number of person identified in data line <030>	3603851733 ext.160
<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaaska.com
<110>	Has your company received its ETC certification from the FCC? If your answer to Line <110> is yes, do you have an existing \$54.202(a) "5	<input checked="" type="radio"/> (yes / no)
<111>	year plan" filed with the FCC?	<input type="radio"/> (yes / no)

If your answer to Line <111> is yes, then you are required to file a progress report, on line <112> delineating the status of your company's existing \$ 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

613002ak112.xls

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Name of Attached Document

Please check these boxes below to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to § 54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113>	Maps detailing progress towards meeting plan targets	<input type="checkbox"/>
<114>	Report how much universal service (USF) support was received	<input checked="" type="checkbox"/>
<115>	How (USF) was used to improve service quality	<input checked="" type="checkbox"/>
<116>	How (USF) was used to improve service coverage	<input checked="" type="checkbox"/>
<117>	How (USF) was used to improve service capacity	<input checked="" type="checkbox"/>
<118>	Provide an explanation of network improvement targets not met in the prior calendar year.	<input checked="" type="checkbox"/>

**(200) Service Outage Reporting (Voice)  
Data Collection Form**

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[illegible]







(900) Tribal Lands Reporting  
Data Collection Form

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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<910> Tribal Land(s) on which ETC Serves

Exchanges in Alaska

<920> Tribal Government Engagement Obligation

613002ak920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

<921>	Needs assessment and deployment planning with a focus on Tribal community anchor institutions.	Select (Yes, No, NA)
<922>	Feasibility and sustainability planning;	Yes
<923>	Marketing services in a culturally sensitive manner;	Yes
<924>	Compliance with Rights of way processes	Yes
<925>	Compliance with Land Use permitting requirements	Yes
<926>	Compliance with Facilities Siting rules	Yes
<927>	Compliance with Environmental Review processes	Yes
<928>	Compliance with Cultural Preservation review processes	Yes
<929>	Compliance with Tribal Business and Licensing requirements.	Yes

(1100) No Terrestrial Backhaul Reporting

Data Collection Form

FCC Form 481

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☒

<1120> Please check this box to confirm no terrestrial backhaul options exist within the supported area pursuant to § 54.313(G)

☐

<1130> Please check this box to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(G)



<b>(1200) Terms and Condition for Lifeline Customers</b>		FCC Form 481
<b>Lifeline</b>		OMB Control No. 3060-0986/OMB Control No. 3060-0819
<b>Data Collection Form</b>		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

<1210>	Terms & Conditions of Voice Telephony Lifeline Plans	<div></div> <div>Name of Attached Document</div>
<1220>	Link to Public Website	

HTTP : [://www.aptalaska.com/index.php?action=switchPage&pageID=91](http://www.aptalaska.com/index.php?action=switchPage&pageID=91)

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221>	Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,	<input checked="" type="checkbox"/>
<1222>	Details on the number of minutes provided as part of the plan,	<input checked="" type="checkbox"/>
<1223>	Additional charges for toll calls, and rates for each such plan.	<input checked="" type="checkbox"/>

(2000) Price Cap Carrier Additional Documentation

Data Collection Form

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July 2013

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

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CHECK the boxes below to note compliance as a recipient of Incremental Connect America Phase I support, frozen High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e) the information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting	
<2010>	2nd Year Certification {47 CFR § 54.313(b)(1)}
<2011>	3rd Year Certification {47 CFR § 54.313(b)(2)}

Price Cap Carrier Receiving Frozen Support Certification {47 CFR § 54.312(a)}	
<2012>	2013 Frozen Support Certification
<2013>	2014 Frozen Support Certification
<2014>	2015 Frozen Support Certification
<2015>	2016 and future Frozen Support Certification

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}	
<2016>	Certification Support Used to Build Broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}	
<2017>	3rd year Broadband Service Certification
<2018>	5th year Broadband Service Certification
<2019>	Interim Progress Certification

<2020> Please check the box to confirm that the attached document(s), on line 2021, contains the required information pursuant to § 54.313 (e)(3)(ii), as a recipient of CAF Phase II support shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

<2021> Interim Progress Community Anchor Institutions

Name of Attached Document Listing Required Information

(3000) Rate Of Return Carrier Additional Documentation

Data Collection Form

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CHECK the boxes below to note compliance on its five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3010)

Progress Report on 5 Year Plan

Milestone Certification (47 CFR § 54.313(f)(1)(ii))

Name of Attached Document Listing Required Information

(3011)

Please check this box to confirm that the attached document(s), on line 3012 contains the required information pursuant to § 54.313 (f)(1)(ii), the carrier shall provide the number, names, and addresses of community anchor institutions to which began providing access to broadband service in the preceding calendar year.

☐

(3012)

Community Anchor Institutions (47 CFR § 54.313(f)(1)(iii))

Name of Attached Document Listing Required Information

(3013)

Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2))

☒

(Yes/No)

(3014)

If yes, does your company file the RUS annual report

☒

(Yes/No)

Please check these boxes to confirm that the attached document(s), on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015)

Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☐

(3016)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3017)

If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required Information

(Yes/No)

(3018)

If the response is no on line 3014, Is your company audited?

☒

(Yes/No)

If the response is yes on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains

(3019)

Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications

☐

(3020)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3021)

Management letter issued by the independent certified public accountant that performed the company's financial audit.

☐

If the response is no on line 3018, please check the boxes below to confirm your submission, on line 3026 pursuant to § 54.313(f)(2), contains:

(3022)

Copy of their financial statement which has been subject to review by an independent certified public accountant; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers,

☒

(3023)

Underlying information subjected to a review by an independent certified public accountant

☒

(3024)

Underlying information subjected to an officer certification.

☒

(3025)

Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒

613002ak3026.pdf

Name of Attached Document Listing Required Information

(3026)

Attach the worksheet listing required information

<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: BETTLES TEL CO INC	
Signature of Authorized Officer: CERTIFIED ONLINE	Date
Printed name of Authorized Officer: Michael Garret	
Title or position of Authorized Officer: Executive Vice President	
Telephone number of Authorized Officer: 3603851733 ext.160	
Study Area Code of Reporting Carrier: 613002	Filing Due Date for this form: 07/01/2014
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier  
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<039> Contact Email Address - Email Address of person identified in data line <030>	mike.g@aptalaska.com

**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: ext. _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent or Employee of Agent: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Printed name of Authorized Agent or Employee of Agent: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: ext. _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

## Attachments

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

613002

BETTLES TEL CO INC

2015

Michael Garrett

3603851733 ext.160

mike.g@aptalaska.com

	Residential Local Service Charge Effective Date
<701>	Single State-wide Residential Local Service Charge
<702>	

[illegible]





**(800) Operating Companies  
Data Collection Form**

FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

[illegible]

**Bettles Telephone, Inc.****Line 112 - 5 Year Service Quality Improvement Plan**

<b>Wire Center</b>		<b>Access Line</b>	<b>Middle Mile</b>	<b>% Capable</b>
<u><b>Name</b></u>	<u><b>CLLI Code</b></u>	<u><b>Count</b></u>	<u><b>Transport</b></u>	<u><b>1MB / 256K</b></u>
Allakaket	ALKTAKXADS1	137	Satellite	100
Bettles	BTLSAKXADS1	83	Satellite	100

**5 Year Service Quality Budget****Narrative**

Each wire center is capable of meeting the minimum broadband speed with its local loop plant. Bettles can meet the minimum speeds of 4MB/1MB in its plant. However middle mile and second mile transport limits any broadband deployment. Bettles Telephone, Inc. has no plans to develop middle mile or second mile transport or deploy broadband until the costs of those facilities changes significantly.

At this time all support is used to maintain its existing voice plant (operating expense) and cover depreciation. Capital projects will be limited to activities to maintain voice services and are not listed below. Operating expense shown below is limited to maintaining voice service.

2013 Support was:	<b><u>Amount</u></b>
HCLS	0
ICLS	26,472
LSS	11,682
ICC	11,184
Federal Lifeline and Linkup	7,120
	<u>56,458</u>

**Capital Budget**

2014	2015	2016	2017	2018
------	------	------	------	------

**Operating Expense**

	2014	2015	2016	2017	2018
Plant Specific	46,508	46,048	45,592	45,141	44,694
Plant Non Specific	32,387	32,066	31,749	31,435	31,124
Depreciation	47,641	47,169	46,702	46,240	45,782
Customer Ops	11,509	11,395	11,282	11,170	11,059
Corporate Ops	76,340	75,584	74,836	74,095	73,361
Total Opex	<u>214,385</u>	<u>212,262</u>	<u>210,161</u>	<u>208,081</u>	<u>206,020</u>



Michael Garrett, CPA  
Exec VP / COO - Telecom  
P.O. Box 3222  
193 Otto Street  
Port Townsend, WA 98368

Voice (360) 385-1733 Ext 160  
Fax (360) 385-5177  
mike.g@aptalaska.com

Bettles Telephone, Inc.  
SAC - 613002

#### Line 510 - Service Standards

BTI complies with all known service standards and consumer protection rules, including but not limited to:

- Alaska Administrative Code 3 AAC 52.200 through 3 AAC 52.340 - State service standards.
- Federal CNPI rules
- Federal Red Flag rules

Submitted

Michael Garrett  
Executive Vice President, AP&T  
P.O. Box 3222  
Port Townsend WA 98368  
Phone: (360) 385-1733 x160  
Fax: (360) 385-5177  
Email: mike.g@aptalaska.com



Michael Garrett, CPA  
Exec VP / COO - Telecom  
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Port Townsend, WA 98368

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Fax (360) 385-5177  
mike.g@aptalaska.com

Bettles Telephone, Inc.  
SAC - 613002

#### Line 610 - Function in Emergency Situations

BTI maintains critical spares and other redundant equipment that will allow it to keep local voice service operating in emergencies. Given the communities it serves are very isolated with limited access (primarily by air) emergency services are not based locally and the community is dependent on the interexchange carrier to provide connectivity to response provider. Given BTI is responsible for only local service, this is beyond its charter.

Submitted

Michael Garrett  
Executive Vice President, AP&T  
P.O. Box 3222  
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Phone: (360) 385-1733 x160  
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## 2014 CAF ICC Data Collection Update

[NECA Home](#)
[NECA Data Collections](#)
[Contact Us](#)
[General Instructions](#)
[Logout](#)

Logged in User: Mary Jo Quandt

[Home](#)
[Select Company](#)
[Main Page](#)
[Study Area Data Input Menu](#)
▶
 [CAF & ARC Output](#)
▶
 [Electronic Certifications](#)
▶

**Study Area: BETTLES TEL CO INC (ID: 613002)**

**Holding Company: ALASKA POWER & TELEPHONE (ID: 200000023)**

### Study Area - Exchange Level Residential Lines and Local Rates for ARC Calculation

[ [Upload Residential Lines & Rates](#) ]

[ [Download NECA template](#) ]

[Exchange Level Residential Lines & Rates Input](#)
[Residential Lines & Rates Summary](#)

#### Residential Lines and Local Rates Data

Average Number of Lines for Test Period (2014-2015)

Company needs to update the local rates if the rates as of January 1, 2014 are HIGHER than the pre-populated rates (as of January 2013). Please ensure the sum of Residential lines excluding Life lines of all exchanges must match the forecasted Residential lines excluding Life lines at the study area level.

Study Area ID	Exchange/Zone Name	Residential Access Lines	Life Lines	Current Residential Flat Rate	Additional Basic Local Rate Charges	Mandatory Expanded Calling	Fed Subscriber Line Charge	State Subscriber Line Charge	State USF Surcharge	County E-911 Surcharge	State E-911 (e.g. fire & police)	TRS & other hearing impaired Surcharges	Dele Exchai
613002		0	0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
613002	Allakaket	63	23	18.30	0.00	0.00	6.50	4.75	1.70	0.00	0.00	0.01	
613002	Bettles	20	1	18.30	0.00	0.00	6.50	4.75	1.70	0.00	0.00	0.01	
613002	Jim River	0	0	18.30	0.00	0.00	6.50	4.75	1.70	0.00	0.00	0.01	

Data previously submitted on 3/27/2014 2:59:51 PM (Eastern Time)

Data submitted by Mary Jo Quandt

[Submit Response](#)

[Records response entered/updated on the above part of the screen]





Michael Garrett, CPA  
Exec VP / COO - Telecom  
P.O. Box 3222  
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Bettles Telephone, Inc.  
SAC - 613002

### Line 920 - Tribal Government Engagement

Alaska is different than other states. All of Alaska land is considered tribal but there are only 2 locations I know of in Alaska where tribal governments manage businesses, licenses, rights-of-way, property ownership etc. While BTI serves communities with a native population, there are no government operations that similar to the lower 48 in BTI's exchanges. The native organizations are more akin to private corporations than government entities. These communities are VERY small, Bettles has 83 access lines, most of them supporting an FAA operation. Allakaket (137 access lines) is a predominately native community with a shrinking population. Both of these communities are above the Arctic Circle and due the harsh environment and subsistence living many community members are migrating to larger cities such as Fairbanks and Anchorage.

The regional tribal corporation in BTI's service area is - Doyon Corporation  
The local tribal organizations are: Bettles - Evansville Inc.; Allakaket - Allakaket Village

No direct conversations with Doyon Corporation occur related to broadband services in these areas because as mentioned in the 481 filing, no broadband services are offered due to the high cost of middle mile transport. Local discussions by locally based employee have occurred on an informal basis. There are no local anchor institutions given the size of these communities. Neither of the communities have a population size that would support a sustainable broadband service however voice service is sustainable if the regulated electrical provide remains in business. BTI does not market services but its affiliates do and discussions through its affiliates have established sensitive ad copy if it is ever used. Land issues delineated in the tribal outreach documentation are not handled by tribal organizations but by the State of Alaska. However, BTI is sensitive to local needs and when construction occurs (additional lands rights or construction has not occurred in years) it consults with local elders. As with land issues, business licenses or licensure is handled by the State of Alaska and its laws so these organizations have no control over these items.

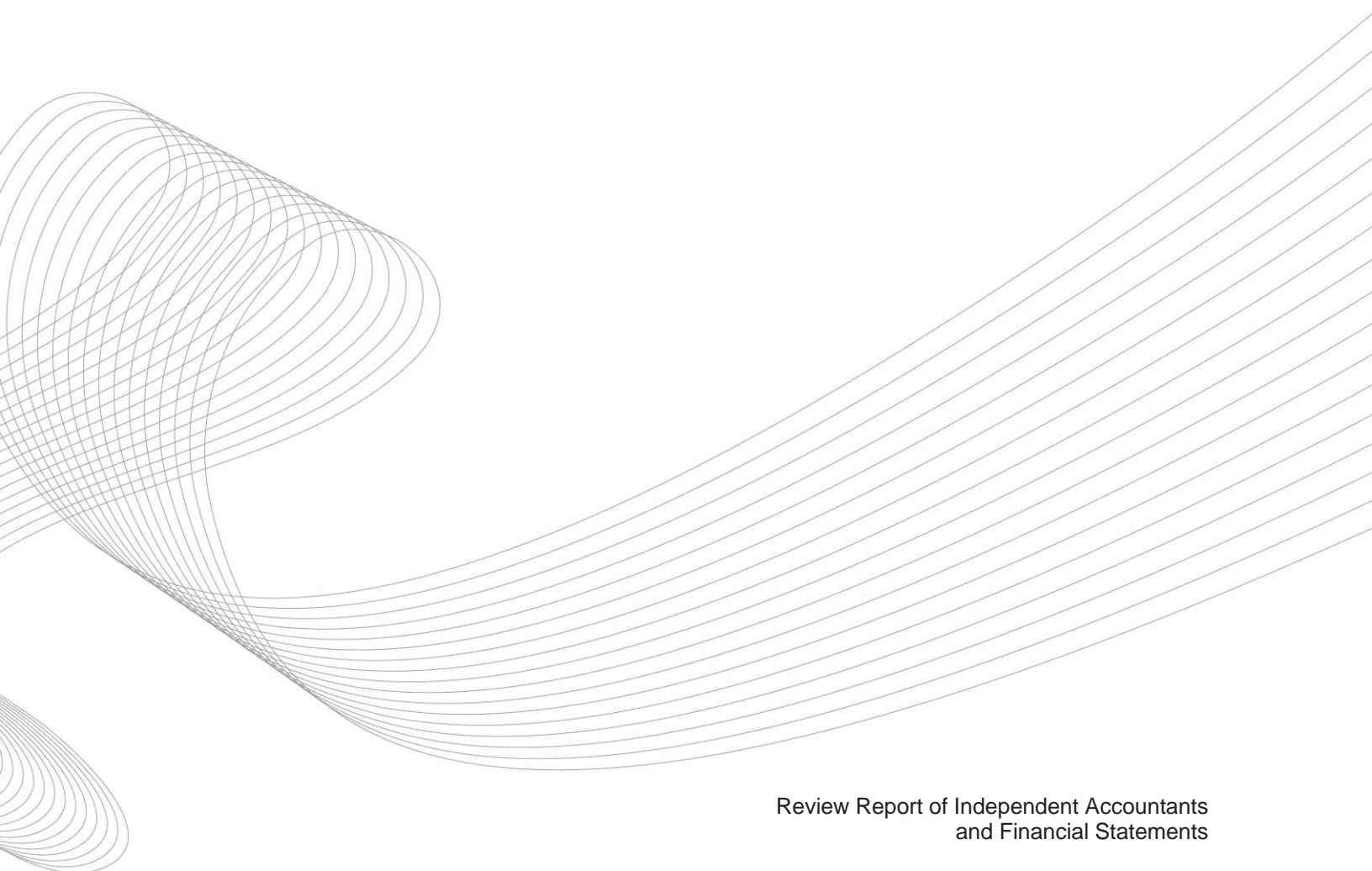
In conclusion, BTI's local representatives consult with local organizations on issues they may be sensitive too. Future planning of services has not specifically occurred because BTI has no current plans to expand services beyond its current service level.

Submitted

Page 2 of 2

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Review Report of Independent Accountants  
and Financial Statements

**Bettles Telephone, Inc.**

December 31, 2013

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

*Acumen. Agility. Answers.*

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## REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

Board of Directors  
Bettles Telephone, Inc.

We have reviewed the accompanying balance sheet of Bettles Telephone, Inc. (Company) as of December 31, 2013, and the related statements of operations, stockholder's equity, and cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

MOSS ADAMS LLP

Spokane, Washington  
June 26, 2014

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**BETTLES TELEPHONE, INC.**  
**BALANCE SHEET**

---

**ASSETS**

	December 31, 2013
<b>CURRENT ASSETS</b>	
Cash and cash equivalents	\$ 30
Subscriber accounts receivable, less allowance of \$443	17,138
Settlements and access accounts receivable	12,539
Deferred income taxes, current	176
	<hr/>
Total current assets	29,883
	<hr/>
DEFERRED INCOME TAXES, noncurrent	8,140
	<hr/>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>	
Telecommunications plant in service	1,057,361
Less accumulated depreciation	973,155
	<hr/>
	84,206
	<hr/>
Total assets	<u><u>\$ 122,229</u></u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

<b>CURRENT LIABILITIES</b>	
Accounts payable	\$ 854
Accounts payable, affiliates	9,839
Advanced billing and customer deposits	9,406
Accrued taxes and other accrued liabilities	110
	<hr/>
Total current liabilities	20,209
	<hr/>
<b>STOCKHOLDER'S EQUITY</b>	
Common stock, \$1 par value, 10,490 shares authorized, issued and outstanding	10,490
Additional paid-in capital	92,376
Retained deficit	(846)
	<hr/>
Total stockholder's equity	102,020
	<hr/>
Total liabilities and stockholder's equity	<u><u>\$ 122,229</u></u>

**BETTLES TELEPHONE, INC.**  
**STATEMENT OF OPERATIONS**

---

	Year Ended December 31, 2013
Operating revenues	
Wireline	
Customer	\$ 58,310
Intercarrier - interstate	48,026
Intercarrier - intrastate	30,449
Universal service support	<u>56,458</u>
Total wireline revenues	193,243
Miscellaneous revenues	<u>20,340</u>
	<u>213,583</u>
Operating expenses	
Plant specific operations	39,082
Plant nonspecific operations	40,468
Depreciation	47,641
Customer operations	12,982
Corporate operations	73,206
Other operating taxes	<u>1,005</u>
	<u>214,384</u>
Net operating loss	(801)
Income tax expense	<u>45</u>
Net loss	<u><u>\$ (846)</u></u>

**BETTLES TELEPHONE, INC.**  
**STATEMENT OF STOCKHOLDER'S EQUITY**

---

	Common Stock	Additional Paid-In Capital	Retained Deficit	Total
Balance, December 31, 2012	\$ 10,490	\$ 92,376	\$ -	\$ 102,866
Net loss	-	-	(846)	(846)
Balance, December 31, 2013	<u>\$ 10,490</u>	<u>\$ 92,376</u>	<u>\$ (846)</u>	<u>\$ 102,020</u>

**BETTLES TELEPHONE, INC.**  
**STATEMENT OF CASH FLOWS**

---

	Year Ended December 31, 2013
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	\$ (846)
Adjustments to reconcile net loss to net cash from operating activities	
Depreciation	47,641
Deferred income taxes	(3,834)
Change in assets and liabilities	
Accounts receivable	(6,883)
Accounts payable	9,977
Advance billing and customer deposits	(948)
Accrued taxes and other accrued liabilities	<hr/> (3)
Net cash from operating activities	<hr/> 45,104
CASH FLOWS FROM INVESTING ACTIVITIES	
Net acquisition of telecommunications plant	<hr/> (45,074)
NET CHANGE IN CASH AND CASH EQUIVALENTS	30
CASH AND CASH EQUIVALENTS at beginning of year	<hr/> -
CASH AND CASH EQUIVALENTS at end of year	<hr/> <hr/> \$ 30



## **BETTLES TELEPHONE, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **Note 1 – Summary of Significant Accounting Policies**

**Description of entity** – Bettles Telephone, Inc. (Company or Bettles) is an incumbent local exchange carrier that provides telephone and other related telecommunication services in Alaska. The Company is wholly-owned by Alaska Power & Telephone Company, Inc. (AP&T).

**Accounting policies** – The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

**Accounting estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include depreciation expense, deferred income taxes, and interstate access revenues. Actual results could differ from those estimates.

**Cash and cash equivalents** – Cash and cash equivalents are defined as short-term, highly liquid investments that were purchased with an original maturity of three months or less and are readily convertible into cash. Cash equivalents are stated at cost and primarily consist of money market savings accounts.

**Concentration of risks** – In 2013, the Company received \$56,458, or 26% of its revenue from the Federal Universal Service Fund.

**Accounts receivable** – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectability of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after issuance of the subscriber bill. Receivables from other exchange carriers are typically outstanding 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes it has established adequate reserves for any risk associated with these receivables.

**Property, plant, and equipment** – Property, plant, and equipment are stated at cost. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

**BETTLES TELEPHONE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

---

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Property, plant, and equipment (continued)** – Property, plant, and equipment are depreciated using straight-line methods over their estimated useful lives. In accordance with composite group depreciation methodology, when a portion of the Company's depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation. For income tax purposes, the Company computes depreciation using accelerated methods where permitted.

**Income taxes** – The Company is a member of a group that files consolidated federal income tax returns and a combined unitary Alaska return. Accordingly, income taxes payable to (refundable from) the tax authorities are recognized on the financial statements of the parent company who is the taxpayer for income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the consolidated income tax liability. This allocation approximates the amount that would be reported if the Company was separately filing its tax returns.

Deferred taxes are provided on an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of December 31, 2013, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively. The Company is no longer subject to U.S. federal or state and local income tax examinations by tax authorities for years before 2010.

**Revenue recognition** – Monthly service fees derived from local wireline are billed one month in advance, but recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls) are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

## **BETTLES TELEPHONE, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

---

#### **Note 1 – Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)** – Interstate access revenues also include settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Revenues are determined by formulas that are based upon a representative sample of pooled network facilities, costs, and demand quantities (i.e. minutes of use, access lines, etc.). These formulas are approved by the FCC annually and the pools are subject to a 24-month adjustment period. Management does not anticipate significant adjustments to recorded revenues for the year ended December 31, 2013.

Intrastate access revenues include revenues received from revenue pools administered by the Alaska Exchange Carrier Association that are based on the Company's relative cost of providing intrastate access service. These revenues are based on projections submitted periodically and intrastate access cost studies that are normally submitted every two years. Management does not anticipate significant adjustments to recorded revenues for the year ended December 31, 2013.

The Company's wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telephone service. Universal service support revenue includes funds received for high cost loop support (HCLS), interstate common line support (ICLS), Connect America Fund (CAF) and other miscellaneous programs. High cost loop support and interstate common line support are based on the Company's current relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 interstate access revenues, which together make up the CAF base. The CAF base will be reduced by 5% each year in determining CAF support.

**Regulation** – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the Regulatory Commission of Alaska. The FCC also has preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal service support revenues are administered by the Universal Service Administrative Company (USAC), based on rules established by the FCC.

**BETTLES TELEPHONE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 1 – Summary of Significant Accounting Policies (continued)**

**Regulation (continued)** – Other sources of revenues are not rate regulated and include equipment sales, directory, rents, and other incidental services.

The FCC reformed Intercarrier Compensation and Universal Service Funding (USF) mechanisms. The majority of the new rules took effect, subject to various transition provisions, on July 1, 2012, as follows:

Major provisions of the order and FNPRM include:

- Limitations on the amount of support received per line.
- Limitations on capital expenditures and operating expenses recoverable from the USF.
- Benchmarks for minimum local rates charged to end users by recipients of support.
- The establishment of the Access Recovery Charge billed to end users.
- The elimination of local switching support.
- The establishment of the CAF, a new funding mechanism for investment and expenses related to the switching and transport functions.
- The structured reduction of carrier access rates charged by the Company to other carriers using its network to complete long distance calls.

Management is monitoring the impacts of the reform on an on-going basis.

**Access revenues** – Access revenues are classified as follows:

- Customer revenues include end user charges such as the Subscriber Line Charge (SLC), the Federal Universal Service Charge (FUSC), Access Recovery Charge (ARC), and the state access charge.
- All access charge and settlement revenue, except as described above, is classified as intercarrier revenue.

**Related party transactions** – Bettles is a wholly-owned subsidiary and is included in the consolidated financial statements of AP&T. Certain allocations are made from the parent company that could result in the operating results or financial position of the Company being different from those that would have been obtained had the entities been autonomous. AP&T employs all employees of Bettles and allocates certain employee costs to the Company. These costs are allocated based on cost allocation procedures that have been approved by the Regulatory Commission of Alaska. Employee costs in the amount of \$95,791 was allocated to Bettles in 2013. All eligible employees can participate in the AP&T stock ownership plan. AP&T does not impute or charge interest expense for amounts that relate to intercompany indebtedness; accordingly, no amount is recorded as a reduction of interest expense on the books of the subsidiaries for allowance for funds used during construction (AFUDC).

## BETTLES TELEPHONE, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1 – Summary of Significant Accounting Policies (continued)

**Taxes imposed by governmental authorities** – The Company's customers are subject to taxes assessed by various governmental authorities on many different types of revenue transactions with the Company. These specific taxes are charged to and collected from the Company's customers and subsequently remitted to the appropriate taxing authority. The taxes are accounted for on a net basis and excluded from revenues.

**Subsequent events** – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through June 26, 2014, which is the date the financial statements are available to be issued.

#### Note 2 – Property, Plant, and Equipment

Property, plant, and equipment balances, together with accumulated depreciation balances, consist of the following at December 31:

	<u>Depreciation Rate</u>	<u>Plant Account</u>	<u>Accumulated Depreciation</u>	<u>2013 Net Balance</u>
Telecommunications plant in service				
General support assets	0%-20%	\$ 188,639	\$ 148,761	\$ 39,878
Central office assets	11%-14%	541,132	511,484	29,648
Cable and wire facilities	3%-6%	327,590	312,910	14,680
		<u>\$ 1,057,361</u>	<u>\$ 973,155</u>	<u>\$ 84,206</u>

**BETTLES TELEPHONE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**Note 3 – Income Taxes**

The components of the provision for income tax expense for the year ended December 31, 2013, are:

Current	
Federal	\$ 3,046
State	833
Deferred	
Federal	<u>(3,834)</u>
	<u>\$ 45</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effects of state taxes (net of federal benefit), nondeductible items, nontaxable items, and prior year over or under accruals. Income tax expense is classified as operating at December 31, 2013.

The components of the net deferred tax asset recorded in the accompanying balance sheet at December 31, 2013, are:

Current deferred tax assets	
Allowance for doubtful accounts	<u>\$ 176</u>
Noncurrent deferred tax assets (liabilities)	
Tax amortization greater than book	(82,356)
Book depreciation greater than tax	<u>90,496</u>
	<u>8,140</u>
Total net noncurrent deferred tax asset	
	<u>\$ 8,316</u>